

**BASS, BERRY & SIMS PLC**

A PROFESSIONAL LIMITED LIABILITY COMPANY  
ATTORNEYS AT LAW

R DALE GRIMES  
TEL (615) 742-6244  
FAX (615) 742-2744  
dgrimes@bassberry.com

AMSOUTH CENTER  
315 DEADERICK STREET, SUITE 2700  
NASHVILLE, TN 37238-3001  
(615) 742-6200

www.bassberry.com

**RECEIVED**

OTHER OFFICES

2004 SEP 29 9:45 AM  
NASHVILLE MUSIC ROW  
KNOXVILLE  
MEMPHIS

T.R.A. DOCKET ROOM

September 29, 2004

**VIA HAND DELIVERY**

Chairman Pat Miller  
c/o Sharla Dillon, Docket Manager  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243

***Re: Petition of Tennessee American Water Company to Change and Increase Certain Rates and Charges So As to Permit It to Earn a Fair and Adequate Rate of Return on Its Property Used and Useful In Furnishing Water Service to Its Customers, Docket No. 04-00288.***

Dear Chairman Miller:

It has come to the attention of the Petitioner that there is an inaccuracy in Exhibit 1, Schedule 1, Page 1 of 1, which was attached to the Direct Testimony of Mr. Paul T. Diskin, Manager of Rates and Regulations for American Water. A description of and explanation for this inaccuracy is set forth in the attached letter from Mr. Diskin dated September 28, 2004. Attached to that letter is a corrected Exhibit 1, Schedule 1, Page 1 of 1, which we respectfully request to have substituted for the incorrect page. We have enclosed an original and 13 copies. Also enclosed is an additional copy which I would appreciate your stamping as "filed," and returning to me by way of our courier

We regret any inconvenience that this may cause. Should you have any questions concerning the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

RDG/tn  
Enclosures

cc: Hon. Sara Kyle (w/ enclosures)  
Hon. Ron Jones (w/ enclosures)  
Hon. Deborah Tate (w/ enclosures)  
Timothy C. Phillips, Esq. (w/ enclosures)  
Richard Collier, Esq. (w/ enclosures)  
Ms. Darlene Standley (w/ enclosures)  
Mr. Pat Murphy (w/ enclosures)  
Mr. Aster Rutibabalira (w/ enclosures)  
Hon. Bob Corker, Mayor of Chattanooga (w/ enclosures)  
Mr. Paul Diskin (w/ enclosures)  
Mr. Michael A. Miller (w/ enclosures)  
T. G. Pappas, Esq. (w/ enclosures)

September 28 2004

T. G Pappas. Esquire  
Bass, Berry & Sims, PLC  
Amsouth Center  
315 Deaderick Street, Suite 2700  
Nashville, TN 37238-3001

Dear Ted.

It has been brought to our attention that the Revenue Deficiency number of \$3,536,706 shown on line 21, page 1 of 1 of Exhibit 1, Schedule 1 is inaccurate. It should be identical or reasonably close to the rate increase number of \$1,970,887, shown on Exhibit No 2, Schedule 1, page 1 of 1, line 1 under the column heading of Adjustments for Proposed Rates. I have verified that the number shown in Exhibit 2 is correct. The file information from Exhibit 2 is linked up to the information for Exhibit 1. When changes were made to Exhibits 1 and 2, the changes should have occurred accordingly. For some reason, the revenue deficiency number in Exhibit 1 was not affected. I apologize for this misstatement and please submit a revised page 1 of Exhibit 1 to the TRA. Dan McCormac at the AG's office called Mike Miller to inquire about the discrepancy.

Please do not hesitate to call me if you have any questions.

Sincerely Yours



Paul T. Diskin  
Manager of Rates and Regulation

cc: R. D. Grimes  
M. A. Miller

Pennsylvania American Water  
800 W Hershey Park Drive  
Hershey, Pennsylvania 17033  
T 717-531-3253  
F 717-531-3235  
Email [pdiskin@pawc.com](mailto:pdiskin@pawc.com)

Overall Financial Summary

Line No.	Description	Reference to Supporting Exhibit	Proposed Test Year
1			
2			
3			
4			
5			
6			
7	Rate Base	Exhibit 1, Schedule 2	\$87,611,392
8			
9	Operating Income at Attrition Year Present Rates	Exhibit 2, Schedule 1	5,846,426
10			
11	Earned Rate of Return		6.670%
12			
13	Rate of Return	Exhibit 3, Schedule 1	7.997%
14			
15	Required Operating Income		7,006,283
16			
17	Operating Income Deficiency		1,159,857
18			
19	Gross Revenue Deficiency Factor		1.69890763
20			
21	Revenue Deficiency		1,970,490
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			